

Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 INR-07 SS-15 SP-02 NSCE-00 EB-08
AID-05 CIAE-00 NSAE-00 SSO-00 INRE-00 TRSE-00
/048 R

DRAFTED BY NEA/ARN:CMONROE:JFC
APPROVED BY NEA/ARN - MR. DRAPER
INR/RNA - MR. STODDARD
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O 132319Z JAN 78
FM SECSTATE WASHDC
TO AMEMBASSY AMMAN IMMEDIATE

C O N F I D E N T I A L STATE 010402

E.O. 11652: GDS

TAGS: ECON, OVIP (CROWN PRINCE HASSAN), JO. US

SUBJECT: COMMENTS ON CROWN PRINCE HASSAN'S PAPER ON
ECONOMIC DEVELOPMENT WITHIN THE CONTEXT OF PEACE

1. HASSAN'S PAPER REPRESENTS A GOOD STARTING POINT FOR DISCUSSIONS WHICH WILL TAKE PLACE IN WASHINGTON WITH USG, HILL, AND ACADEMIC TYPES AS REQUESTED BY THE CP. WE EXPECT TO HAVE U.S. "COUNTER-PAPER" TO ALSO USE IN DISCUSSIONS WHICH WILL RESPOND IN PART TO HASSAN'S PAPER, AND OFFER SOME IDEAS OF OUR OWN. (NEA/ARN-MONROE IS DRAFTING THIS PAPER WITH INR ASSISTANCE).
2. YOU SHOULD INDICATE THAT WE HAVE BEEN GIVING A GREAT DEAL OF THOUGHT TO ECONOMIC ISSUES IN THE CONTEXT OF PEACE AND THAT WE VIEW THEM AS AN IMPORTANT ELEMENT IN THE NORMALIZATION OF RELATIONS FOLLOWING A PEACE SETTLEMENT.
3. HASSAN'S PAPER WAS REVIEWED BRIEFLY IN INR AND NEA

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AND INDIVIDUAL ANALYSTS OFFERED THE FOLLOWING SPECIFIC REMARKS ABOUT THE PAPER. FIRST, THE PAPER FOCUSES INTENSIVELY ON AREAS OF CRITICAL IMPORTANCE TO THE JORDANIAN ECONOMY, INCLUDING SECTORAL IMBALANCES IN FAVOR OF SERVICES, A CHRONIC TRADE GAP, RELIANCE ON FOREIGN TRANSFERS FOR ECONOMIC EXPANSION, EXCESSIVE POPULATION GROWTH, AND A SIGNIFICANT OUTFLOW OF MIGRANT LABOR WITH LIMITED BENEFITS

TO THE DOMESTIC ECONOMY. THE PAPER HIGHLIGHTS THE DEGREE TO WHICH JORDAN HAS BEEN ABLE TO OVERCOME THESE BURDENS, AND REALISTICALLY FACES UP TO THE PROSPECT THAT PEACE MAY CHANGE EXISTING FACTORS AND THUS CREATE PROBLEMS WHILE SOLVING OTHERS. SECOND, THE PAPER IS USEFUL IN THAT IT POINTS OUT THE SPECIFIC CHARACTERISTICS WHICH ARE COMMON TO JORDAN-WEST BANK-ISRAEL AREA. FOR EXAMPLE, ALL THREE FACE DIFFICULTY IN ABSORBING CAPITAL TRANSFERS, WITH THE RESULT BEING A HIGH INFLATION RATE. ISRAEL AND JORDAN HAVE BOTH SUCCEEDED IN ABSORBING LARGE NUMBERS OF REFUGEES/IMMIGRANTS, A CONDITION WHICH THE WEST BANK MIGHT FACE AT SOME FUTURE POINT. THIRD, THE PAPER PROVIDES A VALUABLE INTERACTION BETWEEN WRITTEN ANALYSIS AND STATISTICS. HASSAN HAS AMASSED A COMPREHENSIVE DATA BASE WHICH CAN BE APPLIED DIRECTLY TO ISSUES WHICH UNDOUBTEDLY WILL BE RAISED DURING THE PEACE NEGOTIATIONS. IT WOULD BE USEFUL TO TRY TO UPDATE THESE FIGURES, AS THE MOST RECENT YEAR USED IS 1975. IN TERMS OF DEMOGRAPHIC COMMENTS, ONE ANALYST DETECTED AN INCONSISTENCY BETWEEN THE SEEMINGLY HEAVY OUTFLOW OF MALE LABOR AND THE PERSISTENCE OF HIGH FERTILITY, WONDERING IF EITHER THE BIRTH RATE OR OUT-MIGRATION WERE OVERESTIMATED. IS JORDANIAN MIGRATION SEASONAL? IS IT CHARACTERIZED BY FREQUENT VISITS HOME? DOES IT AFFECT MARRIAGE RATES OR AGE AT MARRIAGE?

4. WE COMMEND HASSAN'S EFFORTS TO BREAK THE GROUND IN AN
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AREA WHERE POLITICAL OVERTONES ARE VERY STRONG BUT HAVE SUCCESSFULLY BEEN PUT ASIDE FOR PURPOSES OF DEALING WITH BASIC ECONOMIC ISSUES. WE BELIEVE THAT HIS COMMENTS WILL STIMULATE A MEANINGFUL DIALOGUE DURING HIS TRIP TO WASHINGTON, AND HOPE TO BE ABLE TO RESPOND MORE FULLY AT THAT TIME. HASSAN MIGHT WANT TO CONSIDER AUTHORIZING US TO SHARE THIS PAPER OR AN UPDATED VERSION WITH OUR EMBASSY IN TEL AVIV IN ORDER TO OBTAIN ITS REACTION, AND POSSIBLY ENLIST ITS ASSISTANCE IN DEVELOPING A COMPLETE, AND UP-TO-DATE DATA BASE WHICH COULD BE DRAWN ON WHEN RELATED ISSUES WERE RAISED DURING THE NEGOTIATIONS. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRINCE, PAPERS, ECONOMIC DEVELOPMENT, PEACE PLANS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE010402
Document Source: CORE
Document Unique ID: 00
Drafter: CMONROE:JFC
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780021-0265
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780164/aaaacbyg.tel
Line Count: 105
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 72ab63e3-c288-dd11-92da-001cc4696bcc
Office: ORIGIN NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 31 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3775774
Secure: OPEN
Status: NATIVE
Subject: COMMENTS ON CROWN PRINCE HASSAN'S PAPER ON ECONOMIC DEVELOPMENT WITHIN THE CONTEXT OF PEACE
TAGS: ECON, OVIP, JO, US, XF, (HASSAN, CROWN PRINCE)
To: AMMAN
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/72ab63e3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014